DOCUMENT RESUME

ED 087 935 CE 001 034

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TITLE Labour Market Experience of Persons Who Received Advance Notice of Employment Termination.
INSTITUTION Ontario Dept. of Labour, Toronto. Research Branch.
PUB DATE Aug 73
NOTE 13p.; Employment Information Series n4

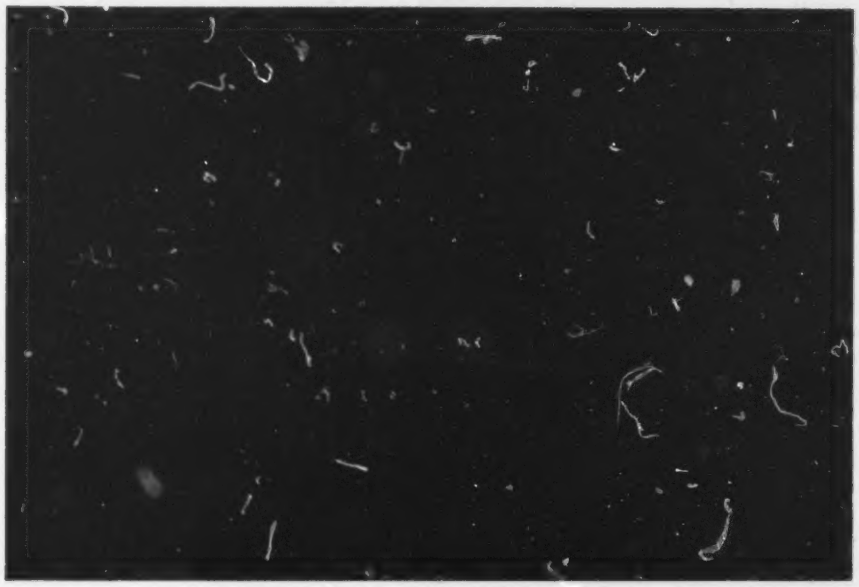
EDRS PRICE MF-$0.75 HC-$1.50
DESCRIPTORS Employment Patterns; *Employment Problems; *Employment Statistics; *Job Layoff; *Labor Market; Unemployed; *Unemployment

ABSTRACT

A statistical survey was taken of the labor market experience of persons who received advance notice of employment termination, their success in finding new jobs, the factors that affected their finding new jobs, and the means of obtaining a new job. The report includes tabulated statistics for: mass and individual terminations by job finding success; persons using notice period to seek new employment; persons who found jobs as a percentage of those terminated by sex and marital status; usefulness of contacts during notice period in finding new jobs, as a percentage of the total and by age group; methods of finding new jobs; length of job search; and the time taken to find new jobs. Among the findings was the indication that those who used the notice period to search for jobs had greater success in finding new employment. (DS)

ED 087935

EMPLOYMENT INFORMATION SERIES



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Research Branch
Toronto, Ontario

CE 001 034

ED 087935

LABOUR MARKET EXPERIENCE OF PERSONS WHO RECEIVED ADVANCE NOTICE OF EMPLOYMENT TERMINATION

Number 4

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ONTARIO MINISTRY OF LABOUR

AUGUST 1973

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LABOUR MARKET EXPERIENCE OF PERSONS WHO RECEIVED ADVANCE NOTICE OF EMPLOYMENT TERMINATION

In June 1972, the Ontario Ministry of Labour surveyed workers who had received advance notice of employment termination between October 1971 to April 1972.[1] An earlier paper[2] described the purpose and scope of the survey and examined the extent to which respondents used the notice period to see new employment. The present paper discusses the labour market experience of the terminated employees from the time they received the notice to the survey date.

The seven-month period from October to April provided a survey population of sufficient magnitude for meaningful analysis. However, among the workers covered, there was considerable variation in the length of time between the survey date and the dates on which they received notice and actually left their employment.

Table 1 indicates that, of the persons who left their

TABLE 1

DISTRIBUTION OF PERSONS WHO LEFT EMPLOYERS, BY JOB-FINDING SUCCESS, MASS AND INDIVIDUAL TERMINATIONS

	Mass Terminations		Individual Terminations		All Terminations	
	No.	%	No.	%	No.	%
Found Job	551	46.7	406	48.0	957	47.3
Did Not Find Job	620	52.6	435	51.5	1,055	52.1
Total	1,171	100.0	841	100.0	2,012*	100.0

*The job-finding success of an additional twelve respondents is unknown. As these are included in calculation of percentages, the latter do not sum exactly to 100.

1. As per The Employment Standards Act, R.S.O. 1970, Chapter 147, Section 14.

2. "Employee Use of Advance Notice of Termination for Job Search." Employment Information Series No. 2, Research Branch, Ontario Ministry of Labour, June 1973.

employers,[3] less than half had found new jobs by the survey date. The fact that job-finding success was approximately the same for mass-and individually-terminated workers might suggest that the longer period of advance notice normally available on mass-terminations was of little value in facilitating re-employment. However, no conclusions can be based on this comparison in view of the fact that a relatively high proportion of mass terminations occurred in the period February - May, relatively close to the survey date. In contrast, the majority of individual terminations were during the earlier period, October - January. On average, individually-terminated employees enjoyed a relative advantage over mass-terminated employees with regard to length of job search, but it is not possible to measure the extent of this advantage.

Predictably, job-finding success was greater for persons who used the notice period to seek new employment. Of persons who used the notice period for job search, 52.0 per cent found a new job, while only 39.2 per cent of those who did not use the notice period found a new job (see Table 2). However, it is

TABLE 2

NUMBER OF PERSONS WHO FOUND A NEW JOB AS A PERCENTAGE OF THOSE WHO LEFT EMPLOYERS, BY AGE AND USE OF ADVANCE NOTICE, TO SEEK NEW EMPLOYMENT, ALL TERMINATIONS*

Age Group	Found New Job and Used Notice		Found New Job and Did Not Use Notice		Total Persons Who Found a New Job	
	No.	Percent[a]	No.	Percent[b]	No.	Percent[c]
24 and under	196	49.9	58	35.2	254	45.2
25 - 44	318	57.7	121	48.6	439	54.7
45 and over	168	45.5	96	33.6	264	40.1
Total	682	52.0	275	39.2	957	47.3

*No distiction is made between mass and individual terminations because similar patterns prevailed.

a as a percentage of leavers who used notice.
b as a percentage of leavers who did not use notice
c as a percentage of all leavers

3. A total of 222 persons received advance notice of termination but had not left their employers by the survey date.

impossible to determine the extent to which this reflects the value of notice or simply the fact that many persons not using the notice period had no intention of taking up new employment subsequent to termination. Table 2 further demonstrates that, regardless of whether notice was used or not, middle-aged persons (25-44 age group) had significantly greater job-finding success than younger and older employees. The data show that persons in the most senior age group had least success in finding new employment.

Sex and Marital Status

Analysis of data by sex is hampered by the relatively few observations for females. Table 3 demonstrates, however, that married males had significantly greater job-finding success than single males and also that single females had greater success than married females. These observations are consistent with the proposition that success in finding new employment is at least partly a function of the degree of economic necessity to the individual. Generally, economic necessity is greater for married than for single males but greater for single than married females.

TABLE 3

NUMBER OF PERSONS WHO FOUND A JOB AS A PERCENTAGE OF THOSE WHO LEFT EMPLOYERS, BY SEX AND MARITAL STATUS, ALL TERMINATIONS

Marital Status	Male		Female		Total	
	No.	%*	No.	%	No.	%
Married	442	52.2	55	36.7	697	50.5
Single	208	39.0	42	71.2	250	42.2
Other**	4	22.2	6	18.1	10	19.2
Total	854	48.0	103	42.4	957	47.3

*As a percentage of total persons who left employers in each sex and marital status category.

**Includes "unknown" marital status.

Usefulness of Contacts for Finding New Employment

Persons who found new employment were asked to indicate whether their job acquisition was facilitated by contacts made during the notice period. Approximately 63 per cent of mass terminated persons who used the notice period and found new employment considered contacts made during the notice period to have been useful in procuring new employment (Table 4). Among individual terminations, only 35 per cent found contacts useful. While no definite conclusions can be drawn, these observations may be a reflection of the fact that the longer period of notice generally available to mass terminated employees was of relatively greater value for the purpose of securing new employment than the period generally available to individually terminated persons.[4]

TABLE 4

NUMBER OF PERSONS FOR WHOM CONTACTS MADE DURING THE NOTICE PERIOD WERE USEFUL IN FINDING A NEW JOB, AS A PERCENTAGE OF THOSE WHO LEFT EMPLOYERS, USED NOTICE TO SEEK NEW EMPLOYMENT AND FOUND NEW EMPLOYMENT, MASS AND INDIVIDUAL TERMINATIONS

	Persons Who Found Notice Useful	
	Number	Percentage*
Mass Terminations	270	63
Individual Terminations	89	35
All Terminations	359	53

*As a percentage of persons who left their employers, used advance notice to seek new employment and found new employment.

4. This is not in conflict with the previous paper (op.cit. p.4) where it is suggested that the decision to use the notice period is independent of the length of advance notice available to the individual. The suggestion in the present paper is that, for persons predisposed to using advance notice in search of new employment, longer advance notice may facilitate their re-employment.

Contacts made during the notice period were considerably less useful for the under-24 age group than for the 25-44 and over-45 groups (Table 5). It may be that younger persons had greater difficulty in relocating but it is also possible that young persons who used the notice period were less intensive in their job search. The latter interpretation may be explained by the lesser economic necessity confronting the under-24 age group and by the presence of alternatives outside the labour force such as schools and colleges.

TABLE 5

NUMBER OF PERSONS FOR WHOM CONTACTS MADE DURING NOTICE PERIOD WERE USEFUL IN FINDING NEW JOB, AS A PERCENTAGE OF THOSE WHO LEFT EMPLOYERS, USED NOTICE TO SEEK NEW EMPLOYMENT AND FOUND NEW EMPLOYMENT, BY AGE GROUP, ALL TERMINATIONS

	Persons Who Found Notice Useful	
Age Group	Number	Percentage*
24 and under	69	35
25 - 44	187	59
45 and over	103	62
Total	359	53

*As a percentage of all persons in the age group who left their employers, used notice to seek new employment and found new employment.

Methods by Which New Employment Was Found

The method by which terminated employees most frequently found new employment was "direct contact with prospective employers." This approach accounted for 52.8 per cent of the successful job acquisitions (see Table 6). Rather far behind came "personal and family contacts" (16.2 per cent) and Canada Manpower Centres (11.5 per cent). It is interesting to note that only 41 persons (4.3 per cent of those who found new employment) made reference to labour-management adjustment committees as the method by which new employment was obtained. The comparatively small number of

placements is due at least in part to the fact that such committees were set up in only six of the fifteen mass termination situations. While The Employment Standards Act[5] requires that employers co-operate with the Minister in any programme established to facilitate re-employment of terminated persons, it is not always guaranteed that co-operation is forthcoming. Even where such

TABLE 6

ACTUAL AND PERCENTAGE DISTRIBUTION OF EMPLOYEES WHO FOUND A NEW JOB BY METHOD OF FINDING, MASS AND INDIVIDUAL TERMINATIONS

Method of Finding Job	Mass Terminations		Individual Terminations		All Terminations	
	No.	%	No.	%	No.	%
Direct Approach to Employers	271	49.2	234	57.6	505	52.8
Personal and Family Contacts	77	14.0	78	19.2	155	16.2
Canada Manpower Centre	64	11.6	46	11.3	110	11.5
Contacts Through Former Employer	58	10.5	10	2.5	68	7.1
Labour Management Adjustment Committee	33	6.0	8	2.0	41	4.3
Private Employment Agency	7	1.3	6	1.5	13	1.4
Recally by Former Employer	8	1.5	4	1.0	12	1.3
Other	21	3.8	11	2.7	32	3.3
Unknown	12	2.2	9	2.2	21	2.2
Total	551	100.0	406	100.0	957	100.0

5. Section 13 (4).

committees operated, there is evidence that their effectiveness was often impaired by lack of interest on the part of persons affected by notice of termination. Improved operation of such committees would no doubt facilitate the relocation of terminated persons.

Length of Job Search

Among persons who found new employment, those who used the notice period generally spent less time looking for employment after leaving their original employer than persons who did not use it to seek new employment (Table 7). Viewing mass and individual terminations as a whole, it is seen that nearly half of those who used the notice period found new employment less than one week after leaving their original employer while 27.5 per cent searched for five weeks or more. In contrast, of persons who did not use the notice period, only 27 per cent found new employment in less than a week and over 44 per cent spent five weeks or more looking for work subsequent to termination.

TABLE 7

PERCENTAGE DISTRIBUTION OF PERSONS WHO FOUND NEW EMPLOYMENT BY NUMBER OF WEEKS SPENT LOOKING FOR WORK, AND USE MADE OF NOTICE PERIOD, ALL TERMINATIONS

Weeks Spent Looking for Work Between Jobs	Percentage of Employees Who Found New Employment		
	Used Notice Period	Did Not Use Notice Period	Total
Less Than 1 Week	49.2	26.8	42.7
1 - 4 Weeks	21.8	29.0	23.9
5 - 12 Weeks	22.5	30.8	24.9
More Than 12 Weeks	6.6	13.4	8.6
Total	100.0	100.0	100.0

It is interesting to note that, of those who used the notice period and found new employment, mass terminated persons had, on average, a significantly shorter job search than persons terminated individually. Table 8 indicates that sixty per cent of the mass terminated employees who used the notice period and found a job had a waiting period of less than one week between jobs, while twenty-one per cent searched for five weeks or more. In contrast, nearly forty-three per cent of individually terminated employees who used the notice period and found new employment had a waiting period in excess of five weeks between jobs, while only just over thirty per cent waited less than one week. Evidently, these data are consistent with the proposition that the longer period of notice generally associated with mass terminations helped to eliminate some of the frictional unemployment between jobs that would have otherwise occurred had the notice period been shorter. It must be cautioned, however, that a strike situation at one of the establishments in which a large number of individual terminations occurred sheds some doubt upon the reliability of the data and considerably more evidence is needed to test the hypothesis.

TABLE 8

PERCENTAGE DISTRIBUTION OF PERSONS WHO USED THE NOTICE PERIOD AND FOUND NEW EMPLOYMENT BY NUMBER OF WEEKS LOOKING FOR WORK AND TYPE OF TERMINATION

Weeks Looking For Work Between Jobs	Percentage of Employees Who Used Notice and Found New Employment		
	Mass Terminations	Individual Terminations	Total Terminations
Less Than 1 Week	60.1	30.6	49.2
1 - 4 Weeks	18.9	26.2	21.8
5 - 12 Weeks	16.1	33.3	22.5
More Than 12 Weeks	4.9	9.5	6.6
Total	100.0	100.0	100.0

Labour Force Status at Survey Time

Table 1 indicated that 957 (47.3 per cent) persons who received notice and left their employers subsequently found new employment. It is evident from Table 9, however, that, at the time of the survey, about one hundred, or over ten per cent of this number were no longer employed. This represents a fairly high rate of job loss among those who found new employment subsequent to termination and is consistent with certain research[6] suggesting that, in many cases, new jobs found by terminated persons are inferior to those originally held. When surveyed, the majority of persons who had left their employer after receipt of notice were either unemployed (43.7 per cent) or awaiting recall (8.0 per cent). A small proportion reported themselves as not in the labour force (5.2 per eent), being enrolled in school or a retraining programme, retired or keeping house.

TABLE 9

LABOUR FORCE STATUS AT SURVEY TIME OF PERSONS WHO RECEIVED NOTICE AND LEFT EMPLOYER

Labour Force Status	Number	Per Cent
Employed	856	42.3
Unemployed	885	43.7
Awaiting Recall	162	8.0
Not in Labour Force	106	5.2
Unknown	15	0.7
Total	2,024	100.0

Duration of Unemployment

It might be suspected that many of those unemployed at survey time had been out of work for only a short time but Table 10 reveals that this was not the case. Of the 559 mass terminated

6. See "The Myths of The Redundancy Payments Act," Robert H. Fryer, The Industrial Law Journal, Vol. 2, no. 1, March 1973, pp. 1-16.

persons who left employers and were unemployed at survey time, just under half had been in search of work thirteen weeks or more since their last job.[7] Lengthy unemployment was even more in evidence among unemployed individually-terminated persons of whom eighty per cent reported a job search of thirteen weeks or more since previous employment.

There is no information on the intensity of individual endeavour to find new employment but the data do suggest that a substantial proportion of persons unemployed at survey time had been in search of employment for three months or more.

TABLE 10

PERCENTAGE DISTRIBUTION OF PERSONS UNEMPLOYED* AT SURVEY TIME BY NUMBER OF WEEKS LOOKING FOR WORK SINCE LAST JOB, MASS AND INDIVIDUAL TERMINATIONS

Number of Weeks	Mass Terminations	Individual Terminations	All Terminations
4 or less	11.0	7.4	9.8
5 to 12	39.0	11.0	28.7
13 to 20	37.9	44.5	40.3
21 or over	10.9	35.9	20.1
**Total %	100.0	100.0	100.0
No.	559	326	885

*"Unemployed" considers only those seeking employment at survey time and does not include those reported as "awaiting recall".

**Exclusion of "unknowns" means the component percentages do not sum exactly to 100.

7. The time period since last job takes account of the fact that some persons obtained then lost a job after their original termination.

Findings

A number of findings emerge from the study.

1. Less than half of the respondents who left employers during the period October to June 1972 found subsequent employment during that period. An even smaller proportion were employed at survey time in June 1972.

2. Persons who used the notice period for job search had greater success in finding new employment than those who did not use it.

3. Among age groups, middle-age persons had greatest success in finding new employment while older persons had least success. This suggests that authorities should make greater efforts to facilitate the reemployment of older workers.

4. Married males were considerably more likely to find new jobs than single but single females had greater job-finding success than married females. This is consistent with the conclusion that economic necessity influenced a terminated person's likelihood of finding new employment.

5. The longer notice period available to mass-terminated than to individually-terminated employees was of some value in reducing frictional unemployment.

6. Direct approach to employers was by far the most common method of obtaining new employment.

7. Labour-management adjustment committees did not appear to be of significant assistance to terminated employees.

8. More than half of those unemployed at survey time had been in search of new employment for thirteen weeks or more. It should be noted that the period prior to the survey date was one of generally high unemployment in the North American economy as a whole.